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642 taken in its composition. No government was ever set up that more closely deserved to be called a coalition. There were representatives of all parties at each level of the administration. Of the thirteen main posts, four went to Social Democrats, four to the Austrian People's Party, three to Communists, and two to non-party men. In addition, in all Ministries, except the Ministry of Finance, two Under-Secretaries were appointed from the parties to which the Minister did not belong. Dr. Renner himself, as Chancellor, was assisted by three Secretaries without portfolio, who with him constituted the Political Cabinet Council. This body, in addition to acting as an inner Cabinet, temporarily formed the supreme executive authority and carried out the duties previously performed by the President of the Republic. Its members, apart from the Chancellor, were Leopold Figl, Adolf Schärf, and Johann Koplenig.

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The whole Government, including the Under-Secretaries, formed the Cabinet in the broader sense. From the point of view of taking executive decisions, this body was inconveniently large. But, on the whole, its size was an advantage. As there was no Parliament, it was executive and legislature rolled into one, and had to perform the functions of a Cabinet and of both parliamentary Chambers. It was therefore a good thing that it should be as representative as possible. Confidence in it as a legislative body was further increased by the principle of unanimity that governed its decisions.

643 663 In view of the severity of the party conflict in Austria between the Wars, it may well cause surprise that the three parties should have collaborated so closely and successfully during the seven months' life of the Provisional Government. It was due partly to the personality of Dr. Renner. By sheer force of character and political experience he exercised considerable influence over his colleagues in the Government. He was one of the few Austrian statesmen since 1918 who were able to combine lifelong adherence to a political creed with magnanimity and the ability to look beyond party to the needs of the country as a whole. In 1922 he wrote, 'Passion is

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a bad political counsellor', and during the remainder of his life he acted in accordance with this precept. In a speech delivered a few days before his death he spoke of the usefulness of political differences, but emphasized that from the clash of opinions the right course should emerge and common action follow: party, the part, must not usurp the role of the general welfare, which is the whole.

Common suffering at the hands of the Nazis made a great difference also. Political rivals came out of prison as close personal friends addressing one another by the familiar '*du*'. As Leopold Figl said, in the concentration camp a man did not ask his fellow-prisoner what party he belonged to, but whether he was an Austrian. Brave men endured hardship and torture in order not to betray other members of the Resistance, even if they did belong to another party. Adolf Schärf has described how by chance Felix Hurdes, once in a neighbouring cell to his own, was cross-examined about their contacts with each other. However strong party rivalry might subsequently become, such incidents as these could never be forgotten by those who had experienced them.

Another individual who contributed greatly to the success of the Provisional Government by his action and his example was Leopold Figl. In 1945 he was only forty-three, and he had none of Dr. Renner's experience of Parliament and national politics. But he had great integrity and boundless energy. As a member of the Political Cabinet Council, President of the *Bauernbund*, and Governor of Lower Austria, he was rapidly becoming the most significant figure in the People's Party. His loyal and consistent collaboration with Dr. Renner was therefore of great importance. It meant that the leaders of the two main parties, whose rivalry had been so disastrous in the past, were now working together for the good of Austria.

Besides the strong central government that Dr. Renner and his colleagues provided, the country needed a new administration. After the *Anschluss*, Vienna's functions as the administrative centre of Austria were transferred to Berlin. The city ceased to be a capital and became a province and, so far as the

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IV

Coalition and Quadripartite Control

645 LEOPOLD FIGL, the new Chancellor, was very different from his predecessor. He was considerably younger, and he lacked Dr. Renner's intellectual distinction and breadth of background. Yet the two men had certain qualities in common that are of importance in a prime minister: they both possessed the tact and magnanimity that enabled them to manage their colleagues and rise to the level of great responsibilities at a critical time. Figl was suited by nature to follow Renner's example of tolerance and co-operation. This was revealed in the skill with which he formed the Coalition and in his success in remaining head of it for more than seven years.

The offices in the new Government were distributed wisely, so that the two main political parties were satisfied with the result. Dr. Schärf, the Socialist leader, became Vice-Chancellor. The economic appointments were divided. The People's Party provided the Foreign Minister in Dr. Gruber and the Minister of Education in Dr. Hurdes, while the Socialists, Helmer and Maisel, took the Ministries of the Interior and Social Welfare, the latter being a post to which their party attached special importance.

The results of the election did not entitle the Communists to a seat in the Cabinet, but they were given one in order to propitiate the Russians and rally forces in the emergency. A Communist, Dr. Karl Altmann, was therefore made Minister of Energy and Electrification, an appointment especially created for his and his party's benefit.

642 From the constitutional point of view, the Provisional Government had been only a temporary expedient to tide over the transitional period until free elections could be held. After the elections, in order to legalize the position, legislative acts of the previous seven months had to be confirmed. One of the

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have done all that they can to restore normal diplomatic relations with the Austrian Government. All four occupying Powers had agreed to exchange political representatives with Austria before the end of 1945. During the next two years the Allied representatives in Austria were given full diplomatic status, and in 1950 the Governments of the three Western Powers announced that their diplomatic representatives had been appointed High Commissioners. This meant that each of the three Powers had separated the command of its Army of Occupation from the High Commissionership, and that the Western members of the Allied Council would in future be civilians.

The United States and Britain have also contributed a great deal to the industrial and agricultural revival of Austria. This subject will be considered in more detail in connexion with the country's economic recovery. But it is something that cannot be overlooked in dealing with the positive aspect of the Allied occupation. The presence of American and British economic experts in Austria during the post-War years has been of direct and indirect value to the country. In particular, the United States' responsibilities as an occupying Power have added realism and vitality to the execution of the European Recovery Programme in Austria.

From December 1945 until February 1953 the Coalition Government of Figl and Schärf under quadripartite control gave stability and continuity to Austrian political life. Within this constant framework, however, significant changes took place.

In November 1949 a currency reform law was approved by the Cabinet in spite of Communist opposition. It was the first occasion since the formation of the Government on which the principle of Cabinet unanimity was abandoned, and Dr. Altmann, the Communist member, resigned. The Ministry of Energy and Electrification came to an end with his membership of the Government. Communist collaboration with the other parties in the Coalition had long been formal rather than real, so his resignation had little effect on Government policy.

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Probably the most important result was to make possible greater freedom of expression during Cabinet meetings.

The life of an Austrian Parliament is limited by the constitution to four years. Elections were therefore due to be held not later than November 1949 and actually took place on October the 9th 1949. There were two main differences between the political situation then and in 1945. First, the number of electors had increased by over 940,000. Of these more than 400,000 were 'less implicated' Nazis, to whom the franchise had been restored the previous summer, and the remainder were either returned soldiers or persons who had acquired Austrian citizenship since 1945. Secondly, a number of new parties had entered the scene. Of these only two, the Union of Independents and the Democratic Union, succeeded in polling more than 10,000 votes, but a new fluidity and vitality in political life were indicated by the fact that at one stage during the year over forty new parties had announced their existence.

In the elections 97 per cent of the qualified voters went to the polls, compared with 94 per cent in 1945. The People's Party increased its votes by 244,354, the Socialists by 188,626, and the Communists, reinforced with some extreme Left-Wing Socialists, by 35,809. The Union of Independents obtained 489,273 votes and the Democratic Union 12,059. As regards seats, the People's Party got 77, the Socialists 67, the Union of Independents 16, and the so-called Left Block 5.

The election was significant for two reasons. It justified the Coalition Government by showing that it substantially represented the people's view. At the same time it made clear that there were about half a million people who were dissatisfied with the programme of the two main parties and the Communists. They were likely to prove an important political force in the future.

On the 31st of December 1950, Dr. Renner died, only a few days after the celebration of his eightieth birthday. His greatest achievement for post-War Austria had been as Chancellor in the Provisional Government. But while Federal President during the next five years he had been a wise and stabilizing

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of the Economics Division of the American High Commissioner's Office. This document, which was entitled 'The Restraint of Competition in the Austrian Economy', strongly criticized the various forms of restraint, such as cartels, political associations, and organized group interests, and recommended the education of public opinion on the merits of a competitive régime.

On the other hand, the Socialist Party, while accepting the need for economy and self-help, was opposed to any reduction in social services; preferred government, to private, investment; was more conscious of the evils than of the merits of competition, and stressed the dangers of unemployment rather than the dangers of renewed inflation.

In November 1951 Dr. Franz Nemschak, Director of the Austrian Institute for Economic Research, emphasized the significance of Austria's economic problems for the country as a whole, and recommended that in working out a solution the Government should take the advice of experts rather than allow themselves to be influenced by sectional interests. He deplored particularly the tendency for economic policy to be determined by considerations of party politics.

Dr. Nemschak's warnings and recommendation were justified. By giving full consideration to the views of independent experts, it might well have been possible to agree on an economic policy for the country. As has been seen, there was common acceptance of some of the main objectives, and on the controversial points a degree of compromise was possible. To aspire after the ideal expert solution, however, is a tendency characteristic of democracies and one that is almost invariably disappointed. The circumstances in which party considerations finally confused the issue were not free from an element of accident.

Members of the People's Party held the three key Ministries of Finance, Trade, and Agriculture. The second instalment of the Party's reorganization, following its defeat in the presidential election, took the form of replacing the three Ministers in question in January 1952. Dr. Kamitz, the new Finance

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Minister, was a financial and economic expert who believed that the budget could only be balanced satisfactorily by stringent economy in national expenditure. The new Minister of Trade, Herr Böck-Greisau, was an experienced industrialist, with a special interest in export problems, who believed in free enterprise, and shared Dr. Kamitz' view on the need for economy. Both men were convinced exponents of the new policy of self-reliance and self-help.

Before the end of 1951 the Coalition Government's efforts to establish financial stability had already met with success. To restrict credit expansion the bank-rate was raised from 3½ to 5 per cent on December the 6th, while the trade unions and the employers collaborated to keep prices down. During the first four months of 1952 savings-bank deposits rose by 538 million schillings, compared with an increase of only 77 million schillings during the whole of 1951.

One reason why the People's Party appointed the new Ministers was that it wished to strengthen its representation in the Cabinet. But it believed also that their policy was what Austria needed at the time. A natural result of its action, however, was that the policy tended to become a party issue, although it had virtually been started before the Cabinet changes took place.

The new Ministers were energetic and uncompromising in carrying out the measures in which they believed. Within a few months of his taking office Herr Böck-Greisau was with difficulty dissuaded from relinquishing his post on a question of principle. During the autumn party differences came to a head over Dr. Kamitz' proposals for an economy budget. The People's Party was mainly interested in a deflationary policy to maintain the value of the schilling. The Socialists wanted bigger expenditure on public works and new housing projects in order to keep up employment. No agreement could be reached, and so, as has been seen, the Government resigned. Pending the elections a temporary compromise budget was accepted by both sides.

Before the elections took place the new economic policy

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town offers. But there were a number of special reasons to which the post-War trend in Austria can be attributed. The comparative neglect of Austrian agriculture by the Nazis and the discriminatory nature of Austrian social legislation, before the Law of 1948 was passed, have already been mentioned. In addition, the accommodation provided for agricultural labourers was most unsatisfactory. On the majority of farms there were no dwellings at all for married workers, and the rooms provided for single men were frequently quite inadequate. Agricultural wages lagged far behind those paid in industry. At the end of 1948 they varied between 127 and 203 per cent above the 1945 level, while the wages of an unskilled industrial worker had risen 350 per cent. It is true that the farm worker had virtually no food problems and also received payments in kind, but the comparison with industry was a natural cause of discontent. Furthermore, the boom in building and construction work due to war damage and the large undertakings financed by ERP funds provided attractive opportunities of alternative employment, often near enough to agricultural areas to attract the labourers' notice.

The Ministry of Agriculture and Forestry realized the danger of the situation and evolved, somewhat tardily, a comprehensive programme to deal with it. The new Minister, Herr Thoma, who took office in January 1952, brought fresh energy to his department and issued a forceful memorandum on the subject the following summer.

The first important step taken was the Agricultural Labourers' Law of 1948. It did a great deal to raise morale and, by strengthening the workers' organization, ensured that their point of view would be heard. The establishment of Agricultural Workers' Chambers in most provinces contributed to the same result. The price increases for agricultural products approved by the Fourth and Fifth Price–Wage Agreements also improved the general situation.

Between 1947 and 1951 Government and ERP subsidies amounting to 55 million schillings were spent on agricultural housing, and 10,371 dwellings were completed, including

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[USIS, Vienna

MR. DEAN ACHESON IN VIENNA WITH DR. GRUBER[1] AND MR. WALTER J. DONNELLY, AMERICAN AMBASSADOR, JUNE 1952

[1] [Foreign secretary — Analyst]

[facing p. 200]

Karl Renner, the late federal president, who died in 1950, occupied himself particularly with social-political questions. Despite his age and professional obligations he published during the last years Die neue Welt und der Sozialismus, 1946, Vom liberalen zum sozialen Staat, 1948, besides numerous social-political contributions. 643 816

The minister of foreign affairs, Karl Gruber, who also lectures on national economy as "Privatdozent" at the University of Vienna, published Voraussetzungen der Vollbeschäftigung, 1946, and Die Zusammenhänge zwischen Grösse, Kosten und Rentabilität industrieller Betriebe, 1948. 645 816

From this it may be seen that the Austrian national economists, whether they be theorists or practical experts, provide a strong unity of theory and practice. Teachers of universities (especially of the University of Vienna), are frequently entrusted by the government with important economic tasks which they perform within the sphere of a higher public function or upon an economic level. 815 816

Besides the colleges, also the Bundeskammer der gewerblichen Wirtschaft (a chamber organization), especially the Chamber of Commerce, Vienna, and the Austrian bureaucracy (particularly the Ministry of Commerce and the Ministry of Finance) have leading economists in their employ.

This synthesis of science and practical experience also accomplished in the postwar years the solution of various problems, no matter whether they concerned questions of currency, banking and credit, production and investment policies, and, in connection with the Marshall Plan, the drawing up of economic programs, foreign trade, foreign exchange and payment balances. From the above it may be seen that the younger generation of Austrian economists in ministerial service has been able to master the problems arising with the initiation of the Marshall Plan on the strength of its thorough theoretical schooling.

[665] 643 the Heimwehr against Starhemberg's fascist tendencies. Inevitably, Raab and Starhemberg fell out. Raab left the *Heimwehr*. The communists call Raab a fascist, but that is stupid.

After Parliament was dispensed with under the Dollfuss-Schuschnigg regime, Raab won high repute as founder, organizer, and leader of the *Gewerbebund*, a nation-wide organization of all the trades, crafts, and industries. When Chancellor Schuschnigg made his last desperate attempt to stave off Hitler, he rallied the biggest names in the land around him. He made Raab minister of trade and transport.

After Hitler annexed his native Austria to the *Reich*, Raab was, of course, out in the wilderness. He was never personally persecuted, but he could not risk the family fortune by rejoining their old firm, and he started out on his own, in Vienna. So deep was nazi hatred towards Raab that at the outbreak of the 2nd World War he was formally declared unworthy of wearing a German uniform!

727 642 ●645 The Russians entered Vienna in the spring of 1945. Marshal Tolbukhin ordered a provisional government in which the Catholics, Socialists, and communists had to share every ministry. Builder Raab became secretary of state in the ministry for reconstruction, but was vetoed by the Russians as a minister in Figl's cabinet.